

Regulations 1570

Section 100

Complete Rule Making File

OAL Approval with Approved Text Regulation 1570

Index

1. *Form 400 and Proposed Regulation 1570*
2. *Statement of Explanation*
3. *Senate Bill 2086 (Stats. 2002, ch. 214)*

Other Documents Relied upon

- A. *Chief Counsel Memo Dated 10/20/11*
- B. *Draft Minutes, 11/15/11*
- C. *Reporters Transcript, 11/15/11*


OFFICE OF ADMINISTRATIVE LAW

300 Capitol Mall, Suite 1250
Sacramento, CA 95814
(916) 323-6225 FAX (916) 323-6826



DEBRA M. CORNEZ
Assistant Chief Counsel/Acting Director

MEMORANDUM

TO: Richard Bennion
FROM: OAL Front Desk 
DATE: 1/13/2012
RE: Return of Approved Rulemaking Materials
OAL File No. 2011-1129-01N

OAL hereby returns this file your agency submitted for our review (OAL File No. 2011-1129-01N regarding Charitable Organizations).

If this is an approved file, it contains a copy of the regulation(s) stamped "ENDORSED APPROVED" by the Office of Administrative Law and "ENDORSED FILED" by the Secretary of State. The effective date of an approved file is specified on the Form 400 (see item B.5). (Please Note: The 30th Day after filing with the Secretary of State is calculated from the date the Form 400 was stamped "ENDORSED FILED" by the Secretary of State.)

DO NOT DISCARD OR DESTROY THIS FILE

Due to its legal significance, you are required by law to preserve this rulemaking record. Government Code section 11347.3(d) requires that this record be available to the public and to the courts for possible later review. Government Code section 11347.3(e) further provides that "...no item contained in the file shall be removed, altered, or destroyed or otherwise disposed of." See also the Records Management Act (Government Code section 14740 et seq.) and the State Administrative Manual (SAM) section 1600 et seq.) regarding retention of your records.

If you decide not to keep the rulemaking records at your agency/office or at the State Records Center, you may transmit it to the State Archives with instructions that the Secretary of State shall not remove, alter, or destroy or otherwise dispose of any item contained in the file. See Government Code section 11347.3(f).

Enclosures

**State of California
Office of Administrative Law**

In re:

Board of Equalization

Regulatory Action:

Title 18, California Code of Regulations

Adopt sections:

Amend sections: 1570

Repeal sections:

**NOTICE OF APPROVAL OF CHANGES
WITHOUT REGULATORY EFFECT**


**California Code of Regulations, Title 1,
Section 100**

OAL File No. 2011-1129-01 N

This action without regulatory effect amends California Code of Regulations, title 18, section 1570(a)(4)(B), dealing with charitable organizations to remove a date to comply with Revenue and Taxation Code section 254.5 and deletes the word "inventory" to comply with Revenue and Taxation Code section 219.

OAL approves this change without regulatory effect as meeting the requirements of California Code of Regulations, Title 1, section 100.

Date: 12/27/2011


Kathleen Eddy
Senior Counsel

**For: DEBRA M. CORNEZ
Assistant Chief Counsel/
Acting Director**

**Original: Kristine Cazadd
Copy: Richard Bennion**

STD. 400 (REV. 01-09)

NOTICE FILE NUMBER

Z-

REGULATORY ACTION NUMBER

2011-1129-01N

EMERGENCY NUMBER

For use by Office of Administrative Law (OAL) only

2011 NOV 29 AM 11:04
OFFICE OF
ADMINISTRATIVE LAW

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
State Board of Equalization

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER	PUBLICATION DATE	

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Charitable Organizations	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT
	AMEND 1570
	REPEAL
TITLE(S) 18	

3. TYPE OF FILING

- ☐ Regular Rulemaking (Gov. Code §11346)
☐ Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4)
☐ Emergency (Gov. Code, §11346.1(b))
- ☐ Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
☐ Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
- ☐ Emergency Readopt (Gov. Code, §11346.1(h))
☐ File & Print
☐ Other (Specify) _____
- ☒ Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
☐ Print Only

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

- ☐ Effective 30th day after filing with Secretary of State ☐ Effective on filing with Secretary of State ☒ \$100 Changes Without Regulatory Effect ☐ Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

- ☐ Department of Finance (Form STD. 399) (SAM §6660) ☐ Fair Political Practices Commission ☐ State Fire Marshal
☐ Other (Specify) _____

7. CONTACT PERSON

Richard E. Bennion

TELEPHONE NUMBER

(916) 445-2130

FAX NUMBER (Optional)

(916) 324-3984

E-MAIL ADDRESS (Optional)

rbennion@boe.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE



DATE

November 29, 2011

TYPED NAME AND TITLE OF SIGNATORY

Diane G. Olson, Chief, Board Proceedings Division

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

DEC 27 2011

Office of Administrative Law

Text of Proposed Changes to

Title 18. Public Revenue

Regulation 1570. Charitable Organizations.

(a) Definition. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(A) . . . (unchanged).

(B) In order to receive the sales tax exemption it is necessary for the organization to receive the welfare exemption on the retail location for which the seller's permit is held. The welfare exemption must be claimed annually ~~by March 15~~ with the county assessor on forms provided for this purpose. If the organization does not own the store premises, it must receive the welfare exemption on its personal property, i.e., ~~inventory~~, furnishings, and fixtures.

(C) . . . (unchanged).

(D) . . . (unchanged).

(b) Sales by Charitable Organizations. . . . (unchanged).

(c) Sales to Charitable Organizations.

(1) . . . (unchanged).

(2) . . . (unchanged).

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(d) Seller's Permits Required. . . . (unchanged).

(e) Medical Health Information Literature. . . . (unchanged).

(f) Health and Safety Materials. . . . (unchanged).

(g) Medical Identification Tags. . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6371, 6375, 6375.5, 6408, 6409, 23701d and 23701f, Revenue and Taxation Code.

tioned action is warranted. Copies of the petition, as well as minutes of the December 15, 2011, Commission meeting, are on file and available for public review from Sonke Mastrup, Executive Director, Fish and Game Commission, 1416 Ninth Street, Box 944209, Sacramento, California 94244-2090, phone (916) 653-4899. Written comments or data related to the petitioned action should be directed to the Commission at the aforementioned address.

DECISION NOT TO PROCEED

**DEPARTMENT OF FOOD AND
AGRICULTURE**

**NOTICE OF DECISION NOT TO PROCEED
(Pursuant to Government Code section 11347)**

On December 23, 2011, the California Department of Food and Agriculture (CDFA) published a Notice of Proposed Rulemaking concerning "Diaprepes abbreviatus Eradication Area." The proposed action would have repealed the regulation.

The CDFA has found an error in the content of the Notice of Proposed Rulemaking. The Department will submit a Notice of Proposed Rulemaking with the necessary changes incorporated into it at a later date.

Pursuant to Government Code section 11347, CDFA hereby gives notice that it has decided not to proceed with the rulemaking action published in the California Regulatory Notice Register (Register 2011, No. 51-Z, December 23, 2011, OAL File no. Z-2011-1213-08).

Any interested person with questions concerning this rulemaking should contact Lindsay Rains at 916.654.1017 or lrains@cdfa.ca.gov.

The CDFA will also publish this Notice of Decision Not to Proceed on its website: <http://www.cdfa.ca.gov/plant/Regulations.html>.

**SUMMARY OF REGULATORY
ACTIONS**

**REGULATIONS FILED WITH
SECRETARY OF STATE**

This Summary of Regulatory Actions lists regulations filed with the Secretary of State on the dates indi-

cated. Copies of the regulations may be obtained by contacting the agency or from the Secretary of State, Archives, 1020 O Street, Sacramento, CA 95814, (916) 653-7715. Please have the agency name and the date filed (see below) when making a request.

File# 2011-1129-01
BOARD OF EQUALIZATION
Charitable Organizations

This action without regulatory effect amends California Code of Regulations, title 18, section 1570(a)(4)(B), dealing with charitable organizations to remove a date to comply with Revenue and Taxation Code section 254.5 and deletes the word "inventory" to comply with Revenue and Taxation Code section 219.

Title 18
California Code of Regulations
AMEND: 1570
Filed 12/27/2011
Agency Contact:
Richard E. Bennion (916) 445-2130

File# 2011-1114-02
**BUREAU OF SECURITY AND INVESTIGATIVE
SERVICES**
Unlicensed Activity

The Bureau of Security & Investigative Services (Bureau) is making several changes in this rulemaking to title 16 of the California Code of Regulations. This rulemaking amends one section and adopts five new sections. The purpose of this rulemaking is to allow the Bureau to issue citations for unlicensed activity and establish fine amounts for these citations. Additionally this rulemaking will allow the Bureau to issue citations/fines to persons advertising without a license.

Title 16
California Code of Regulations
ADOPT: 601.6, 601.7, 601.8, 601.9, 601.10
AMEND: 600.1
Filed 12/22/2011
Effective 12/22/2011
Agency Contact: Matthew Bowden (916) 575-7008

File# 2011-1107-03
**CALIFORNIA GAMBLING CONTROL
COMMISSION**
Interim Gambling Licenses

The California Gambling Control Commission adopted section 12349 of title 4 of the California Code of Regulations to provide for issuance of interim licenses for continued operation of gambling enterprises following certain events that result in a change in the ownership or in the control of the ownership interest.

Regulation 1570

Section 100

Index

1. *Form 400 and Proposed Regulation 1570*
2. *Statement of Explanation*
3. *Senate Bill 2086 (Stats. 2002, ch. 214)*

NOTICE PUBLICATION REGULATIONS SUBMISSION

See instructions on
reverse

For use by Secretary of State only

STD. 400 (REV. 01-09)

OAL FILE
NUMBERS

NOTICE FILE NUMBER

Z-

REGULATORY ACTION NUMBER

2011-1129-01N

EMERGENCY NUMBER

For use by Office of Administrative Law (OAL) only

2011 NOV 29 AM 11:01

OFFICE OF
ADMINISTRATIVE LAW

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
State Board of Equalization

AGENCY FILE NUMBER (If any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

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OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER	PUBLICATION DATE

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1a. SUBJECT OF REGULATION(S) Charitable Organizations		1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)	
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SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)		ADOPT	
		AMEND	
TITLE(S) 18		1570	
		REPEAL	
3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify)	
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)			
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective 30th day after filing with Secretary of State	<input type="checkbox"/> Effective on filing with Secretary of State	<input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify)
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal	
<input type="checkbox"/> Other (Specify)			
7. CONTACT PERSON Richard E. Bennion	TELEPHONE NUMBER (916) 445-2130	FAX NUMBER (Optional) (916) 324-3984	E-MAIL ADDRESS (Optional) rbennion@boe.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

For use by Office of Administrative Law (OAL) only

SIGNATURE OF AGENCY HEAD OR DESIGNEE

DATE

November 29, 2011

TYPED NAME AND TITLE OF SIGNATORY

Diane G. Olson, Chief, Board Proceedings Division

CHANGES WITHOUT REGULATORY EFFECT UNDER CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

Statement of Explanation

Changes to Title 18. Public Revenue

Regulation 1570, *Charitable Organizations*

A. Factual Basis

Revenue and Taxation Code (RTC) section 6375 provides an exemption from sales and use tax for gross receipts from the sale of, and the storage, use, or other consumption in this state of, tangible personal property by “charitable organizations” that meet certain statutory requirements, including qualifying for the “welfare exemption” from property tax provided by RTC section 214. California Code of Regulations, title 18, section (Regulation) 1570, *Charitable Organizations*, implements the provisions of RTC section 6375, and Regulation 1570, subdivision (a) prescribes the four requirements that an organization must meet in order to qualify as a “charitable organization” within the meaning of the regulation.

The second sentence in Regulation 1570, subdivision (a)(4)(B), currently explains that “The welfare exemption must be claimed annually by March 15 with the county assessor on forms provided for this purpose.” However, section 2 of Senate Bill No. 2086 (Stats. 2002, ch. 214) amended RTC section 254.5 to require that claims for the welfare exemption be annually filed by February 15, instead of March 15, each year. Therefore, the State Board of Equalization (Board) proposes to delete the reference to “by March 15” from Regulation 1570, subdivision (a)(4)(B), to ensure that the regulation is not inconsistent with RTC section 254.5.

In addition, the third sentence in Regulation 1570, subdivision (a)(4)(B), currently provides that “If the organization does not own the store premises, it must receive the welfare exemption on its personal property, i.e., inventory, furnishings, and fixtures.” This sentence further explains that when an organization does not own real property, the organization must still qualify for and receive the welfare exemption on its personal property that would otherwise be subject to property tax in order to qualify as a “charitable organization” within the meaning of the regulation. However, RTC section 219, as added by Statutes 1980, chapter 411, section 8 provides a specific exemption from property tax for business inventories so that business inventories are exempt from property tax irrespective of the welfare exemption. Therefore, the Board also proposes to delete the reference to “inventory” from and make other conforming grammatical changes to Regulation 1570, subdivision (a)(4)(B), to ensure that the regulation does not incorrectly indicate that business inventories can be subject to property tax.

The Board has determined that these changes to Regulation 1570, subdivision (a)(4)(B) are appropriate for processing under California Code of Regulations, title 1, section (Rule) 100 because the changes make the regulation consistent with RTC sections 219 and 254.5 and do not materially

alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

B. Proposed Changes to Regulation 1570

Proposed changes to Regulation 1570:

Regulation 1570. Charitable Organizations.

(a) Definition. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(A) . . . (unchanged).

(B) In order to receive the sales tax exemption it is necessary for the organization to receive the welfare exemption on the retail location for which the seller's permit is held. The welfare exemption must be claimed annually ~~by March 15~~ with the county assessor on forms provided for this purpose. If the organization does not own the store premises, it must receive the welfare exemption on its personal property, i.e., ~~inventory~~, furnishings, and fixtures.

(C) . . . (unchanged).

(D) . . . (unchanged).

(b) Sales by Charitable Organizations. . . . (unchanged).

(c) Sales to Charitable Organizations.

(1) . . . (unchanged).

(2) . . . (unchanged).

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(d) Seller's Permits Required. . . . (unchanged).

(e) Medical Health Information Literature. . . . (unchanged).

(f) Health and Safety Materials. . . . (unchanged).

(g) Medical Identification Tags. . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6371, 6375, 6375.5, 6408, 6409, 23701d and 23701f, Revenue and Taxation Code.

CHANGES WITHOUT REGULATORY EFFECT UNDER CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

Statement of Explanation

Changes to Title 18. Public Revenue

Regulation 1570, *Charitable Organizations*

A. Factual Basis

Revenue and Taxation Code (RTC) section 6375 provides an exemption from sales and use tax for gross receipts from the sale of, and the storage, use, or other consumption in this state of, tangible personal property by “charitable organizations” that meet certain statutory requirements, including qualifying for the “welfare exemption” from property tax provided by RTC section 214. California Code of Regulations, title 18, section (Regulation) 1570, *Charitable Organizations*, implements the provisions of RTC section 6375, and Regulation 1570, subdivision (a) prescribes the four requirements that an organization must meet in order to qualify as a “charitable organization” within the meaning of the regulation.

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The Board has determined that these changes to Regulation 1570, subdivision (a)(4)(B) are appropriate for processing under California Code of Regulations, title 1, section (Rule) 100 because the changes make the regulation consistent with RTC sections 219 and 254.5 and do not materially

alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

B. Proposed Changes to Regulation 1570

Proposed changes to Regulation 1570:

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(3) . . . (unchanged):

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Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6371, 6375, 6375.5, 6408, 6409, 23701d and 23701f, Revenue and Taxation Code.

Senate Bill No. 2086

CHAPTER 214

An act to amend Sections 95.35, 254.5, 257, 270, 271, and 465 of, and to add Section 327.1 to, the Revenue and Taxation Code, relating to property taxation.

[Approved by Governor August 13, 2002. Filed with Secretary of State August 14, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2086, Committee on Revenue and Taxation. Property taxation: administration.

Existing property tax law provides for a state grant program for the funding of local administration of the property tax.

This bill would make technical changes to these provisions to correct certain cross-references.

Pursuant to authorization by the California Constitution, existing property tax law establishes a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes. Existing law requires those who qualify for these exemptions to notify a county assessor, on or before March 15, or in the case of the religious exemption, June 30, if the taxpayer no longer qualifies for the exemption.

This bill would change these notification dates to February 15.

Existing property tax law allows taxes, penalties, and interest imposed for delinquent filings of property tax exemption applications to be reduced in the case of an exemption application of a college, cemetery, church, religion, exhibition, veterans' organization, free public library, free museum, public school, community college, state college, state university, or a person or entity claiming the welfare exemption.

This bill would specify that those taxpayers applying for an exemption for aircraft of historical significance may also have penalties reduced pursuant to these provisions.

Existing property tax law allows taxes, penalties, and interest imposed for delinquent filings of property tax exemption applications to be reduced in the case of an exemption of a college, cemetery, church, religion, exhibition, or veterans' organization that acquires new property or is organized after the lien date, if an application for exemption is filed

on or before the lien date in the calendar year next succeeding the calendar year in which the property was acquired.

This bill would allow these taxes, penalties, and interest to be reduced pursuant to these provisions only if the entity files an exemption application within 90 days from the first day of the next month following the date on which the property was acquired.

The California Constitution provides that, unless otherwise provided in the constitution or by federal law, all property in the state is taxable and is assessed at its fair market value. Existing law requires a taxpayer to furnish to assessors various types of information about the taxpayer's property.

This bill would authorize the board of supervisors of a county to enact an ordinance that requires any party that records a digital subdivision map with the county recorder to also file a duplicate digital copy of that map with the county assessor.

Existing property tax law allows county assessors to destroy documents containing information obtained from taxpayers 6 years after the lien date for the taxes for which the information was obtained, or 3 years after the lien date if the documents have been microfiched, microfilmed, imaged, or otherwise preserved.

This bill would allow, in the same manner, county assessors to destroy affidavits for certain property tax exemptions.

The people of the State of California do enact as follows:

SECTION 1. Section 95.35 of the Revenue and Taxation Code is amended to read:

95.35. (a) The Legislature finds and declares that there is a significant and compelling state financial interest in the maintenance of an adequately funded system of property tax administration. This financial interest derives from the fact that 53 percent of all property tax revenues collected statewide serve to offset the General Fund obligation to fund K-12 schools, and extends not only to assessment and maintenance of the tax rolls, but also to all aspects of the system which include, but are not limited to, collection, apportionment, allocation, and processing and defending appeals. The Legislature further finds and declares that the combination of limitations on county revenue authority, increasing county financial obligations, and the shift of county property taxes to schools has created a financial disincentive for counties to adequately fund property tax administration. This disincentive is most clearly evidenced by the fact that counties, on average, receive 19 percent of statewide property tax revenues while they are obligated to pay an average of 73 percent of the costs of administration. The

Legislature also finds and declares that the State-County Property Tax Loan Program contained in Section 95.31 was in recognition of the state's financial interest, and the success of that program has demonstrated the appropriateness of an ongoing commitment of state funds to reduce the burden of property tax administration on county finances. Therefore, it is the intent of the Legislature, in enacting this act, to establish a grant program known as the State-County Property Tax Administration Grant Program that will continue the success of the State-County Property Tax Loan Program and maintain the commitment to efficient property tax administration.

(b) Notwithstanding any other provision of law, in the 2002–03 fiscal year and each fiscal year thereafter to the 2006–07 fiscal year, inclusive, any county board of supervisors may, upon the recommendation of the assessor, adopt a resolution to elect to participate in the State-County Property Tax Administration Grant Program. Any resolution so adopted shall comply with the terms and conditions contained in paragraph (2) of subdivision (c). If adopted, a copy of the resolution shall be sent to the Department of Finance, which shall, upon approval, transmit a copy of the resolution to the Controller.

(c) (1) Any county electing to participate in this program may be qualified to receive a grant in an amount, up to and including, the applicable amount listed in paragraph (3). However, the grant eligibility of a county may be terminated at the discretion of the Department of Finance if a county does not meet the conditions specified in paragraph (4).

(2) The resolution to participate in this program shall include a detailed listing of the proposed uses by the county of the grant moneys, including, but not limited to:

(A) The proposed positions to be funded.

(B) Any increased automation costs.

(C) The specific tasks and functions that will be performed during the fiscal year with these funds.

(3) Upon transmittal of the electing resolution by the Department of Finance, the Controller shall, provided sufficient moneys have been appropriated by the Legislature for purposes of this section, provide a grant to the electing county for the applicable amount specified in the following schedule:

Jurisdiction	Amount
Alameda	\$ 2,152,429
Alpine	3,124
Amador	80,865
Butte	381,956

Calaveras	109,897
Colusa	53,957
Contra Costa	2,022,088
Del Norte	36,203
El Dorado	302,795
Fresno	1,165,249
Glenn	59,197
Humboldt	210,806
Imperial	231,673
Inyo	100,080
Kern	1,211,318
Kings	138,653
Lake	117,376
Lassen	54,699
Los Angeles	13,451,670
Madera	212,991
Marin	790,490
Mariposa	46,476
Mendocino	160,435
Merced	298,004
Modoc	24,022
Mono	47,778
Monterey	795,819
Napa	366,020
Nevada	234,292
Orange	6,826,325
Placer	628,047
Plumas	80,606
Riverside	2,358,068
Sacramento	1,554,245
San Benito	90,408
San Bernardino	2,139,938
San Diego	5,413,943
San Francisco	1,013,332
San Joaquin	818,686
San Luis Obispo	736,288
San Mateo	2,220,001
Santa Barbara	926,817
Santa Clara	4,213,639

Santa Cruz	565,328
Shasta	342,399
Sierra	7,383
Siskiyou	91,164
Solano	469,207
Sonoma	1,035,049
Stanislaus	866,155
Sutter	147,436
Tehama	97,222
Trinity	24,913
Tulare	501,907
Tuolumne	126,067
Ventura	1,477,789
Yolo	278,309
Yuba	88,968

(4) The Department of Finance shall consider the following items in determining whether a county may continue to receive a grant under this section:

(A) The county's performance as indicated by the State Board of Equalization's sample survey required by Section 15640 of the Government Code.

(B) Any performance measures adopted by the California Assessors' Association, the California Association of Clerks and Elections Officials, the State Association of County Auditor-Controllers, and the California Association of County Treasurers and Tax Collectors.

(C) The county's reduction of backlogs of assessment appeals and declines in taxable value below adjusted base year value.

(D) The county's compliance with mandatory audits required by Section 469 or the county's delivery of tax bills as required by Section 2610.5.

(E) The county's reduction of backlogs of determinations regarding new construction, changes in ownership, and supplemental assessments.

(F) Any other measure, as determined by the Director of Finance and transmitted to a county prior to its receiving a grant.

(d) (1) Funds appropriated for purposes of this section shall be used to enhance the property tax administration system. Amounts provided to any county as a grant pursuant to this section may not be used to supplant the current level of county funding for property tax administration, exclusive of funds received pursuant to the predecessor State-County Property Tax Loan Program. In order to participate in the State-County Property Tax Administration Grant Program, a

participating county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office, independent of the grant proceeds provided pursuant to this section, equal to the levels in the 1994–95 fiscal year, exclusive of amounts provided to the assessor's office pursuant to Item 9100-102-001 of the Budget Act of 1994. However, in a county in which the 1994–95 fiscal year funding level for the assessor's office was higher than the 1993–94 fiscal year level, the 1993–94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section. If a county was otherwise eligible but was unable to participate in the State-County Property Tax Loan Program in the 1995–96 fiscal year because it did not meet the funding level and staffing requirements of this paragraph, that county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office equal to the levels in the 1995–96 fiscal year.

(2) Prior to the assessor's recommendation for participation in the State-County Property Tax Administration Grant Program, the assessor shall consult with the county tax collector, and any other county agency directly involved in property tax administration, to develop an identifiable plan for the use of these funds during the period specified in the resolution by the board of supervisors. This plan shall be subject to modification and approval of the board of supervisors.

(e) In any fiscal year in which the assessor of a county elects not to participate in the grant program or submits to the board of supervisors a grant proposal that is less than the applicable amount specified in paragraph (3) of subdivision (c), any other department of that county that is responsible for the administration, allocation, or adjudication of property tax, as defined in Section 95.3, may submit to the board of supervisors an application for the remainder of the allowable grant amount set forth in paragraph (3) of subdivision (c). Any grant proposal submitted pursuant to this subdivision shall include the information specified in paragraph (2) of subdivision (c), and will be subject to the performance standards set forth in paragraph (4) of subdivision (c).

(f) If the funds appropriated by any Budget Act for the purposes set forth in this section exceed sixty million dollars (\$60,000,000), the excess shall be allocated among participating counties in proportion to each county's applicable grant share listed in the schedule set forth in paragraph (3) of subdivision (c). Any additional funds allocated pursuant to this subdivision shall be transferred by the Controller to the boards of supervisors of participating counties at the same time as the transfer of funds pursuant to paragraph (3) of subdivision (c), and the funds transferred shall be available for allocation by the board of supervisors within the county only for the purposes of administration,

allocation, or adjudication of property taxes, as defined in Section 95.3. Any county receiving funds pursuant to this subdivision shall be required to comply with the same reporting requirements as those required for grant funds received pursuant to subdivision (c).

(g) A participating county may establish a tracking system whereby a work or function number is assigned to each appraisal or administrative activity. This tracking system should provide statistical data on the number of production units performed by the county and the positive and negative change in assessed value attributable to the activities performed by each employee.

(h) At the request of the Department of Finance, the State Board of Equalization shall assist the Department of Finance in evaluating grants made pursuant to this section.

(i) Notwithstanding Section 95.3, any funds provided to an eligible county pursuant to this section shall not result in any reduction of those county property tax administrative costs that are reimbursable pursuant to Section 95.3.

SEC. 2. Section 254.5 of the Revenue and Taxation Code is amended to read:

254.5. (a) Affidavits for the welfare exemption and the veterans' organization exemption shall be filed in duplicate on or before February 15 of each year with the assessor. Affidavits of organizations filing for the first time shall be accompanied by duplicate certified copies of the financial statements of the owner and operator. Thereafter, financial statements shall be submitted only if requested in writing by either the assessor or the board. Copies of the affidavits and financial statements shall be forwarded not later than April 1 by the assessor with his or her recommendations for approval or denial to the board which shall review all the affidavits and statements and may institute an independent audit or verification of the operations of the owner and operator to ascertain whether both the owner and operator meet the requirements of Section 214 of the Revenue and Taxation Code. In this connection the board shall consider, among other matters, whether:

(1) The services and expenses of the owner or operator (including salaries) are excessive, based upon like services and salaries in comparable public institutions.

(2) The operations of the owner or operator, either directly or indirectly, materially enhance the private gain of any individual or individuals.

(3) Any capital investment of the owner or operator for expansion of a physical plant is justified by the contemplated return thereon, and required to serve the interests of the community.

(4) The property on which the exemption is claimed is used for the actual operation of an exempt activity and does not exceed an amount of property reasonably necessary to the accomplishment of the exempt purpose.

(b) The board shall make a finding as to the eligibility of each applicant and the applicant's property and shall forward its finding to the assessor concerned. If the board conducts a hearing with respect to the eligibility of the applicant and the applicant's property, the finding shall be forwarded to the assessor concerned within 30 days after the decision is made by the board following the hearing. The assessor may deny the claim of an applicant that the board finds eligible, but may not grant the claim of an applicant the board finds ineligible.

(c) Notwithstanding subdivision (a), an applicant, granted a welfare exemption and owning any property exempted pursuant to Section 214.15 or Section 231, shall not be required to reapply for the welfare exemption in any subsequent year in which there has been no transfer of, or other change in title to, the exempted property and the property is used exclusively by a governmental entity or by a nonprofit corporation described in Section 214.15 for its interest and benefit. The applicant shall notify the assessor on or before February 15 if, on or before the preceding lien date, the applicant became ineligible for the welfare exemption or if, on or before that lien date, the property was no longer owned by the applicant or otherwise failed to meet all requirements for the welfare exemption.

Prior to the lien date, the assessor shall annually mail a notice to every applicant relieved of the requirement of filing an annual application by this subdivision.

The notice shall be in a form and contain that information that the board may prescribe, and shall set forth the circumstances under which the property may no longer be eligible for exemption, and advise the applicant of the duty to inform the assessor if the property is no longer eligible for exemption.

The notice shall include a card that is to be returned to the assessor by any applicant desiring to maintain eligibility for the welfare exemption under Section 214.15 or Section 231. The card shall be in the following form:

To all persons who have received a welfare exemption under Section 214.15 or Section 231 of the Revenue and Taxation Code for the ____ fiscal year.

Question: Will the property to which the exemption applies in the ____ fiscal year continue to be used exclusively by government or by

an organization as described in Section 214.15 for its interest and benefit in the ____ fiscal year?

YES ____ NO ____

Signature: _____

Title: _____

Failure to return this card does not of itself constitute a waiver of exemption as called for by the California Constitution, but may result in onsite inspection to verify exempt activity.

(d) Upon any indication that a welfare exemption has been incorrectly granted, the assessor shall redetermine eligibility for the exemption. If the assessor determines that the property, or any portion thereof, is no longer eligible for the exemption, he or she shall immediately cancel the exemption on so much of the property as is no longer eligible for the exemption.

(e) If a welfare exemption has been incorrectly allowed, an escape assessment as provided by Article 4 (commencing with Section 531) of Chapter 3 in the amount of the exemption, with interest as provided in Section 506, shall be made, and a penalty shall be assessed for any failure to notify the assessor as required by this section in an amount equaling 10 percent of the escape assessment, but may not exceed two hundred fifty dollars (\$250).

SEC. 3. Section 257 of the Revenue and Taxation Code is amended to read:

257. (a) Any person claiming the religious exemption shall submit to the assessor an affidavit giving specific information relating to property tax exemption.

(b) The affidavit shall show that:

(1) The building, equipment, and land are used exclusively for religious purposes.

(2) The land claimed as exempt is required for the convenient use of the building.

(3) The property is owned by an entity organized and operating exclusively for religious purposes.

(4) The entity is nonprofit.

(5) No part of the net earnings inures to the benefit of any private individual.

(c) Any exemption granted pursuant to a claim filed in accordance with this section, once granted, shall remain in effect until that time that title to the property changes or the property is no longer used for exempt purposes. Any person who is granted an exemption pursuant to a claim

filed in accordance with this section shall notify the assessor by February 15 if the property becomes ineligible for the exemption.

(d) Upon any indication that a religious exemption has been incorrectly allowed, the assessor shall make a redetermination of eligibility for the religious exemption. If the assessor determines that the property or any portion thereof is no longer eligible for the exemption, he or she shall immediately cancel the exemption on so much of the property as is no longer eligible for exemption.

If a religious exemption has been incorrectly allowed, an escape assessment as allowed by Article 4 (commencing with Section 531) of Chapter 3 in the amount of the exemption with interest as provided in Section 506 shall be made, together with a penalty for failure to notify the assessor, where applicable, in the amount of 10 percent of the assessment, but may not exceed two hundred fifty dollars (\$250) in tax liability.

SEC. 4. Section 270 of the Revenue and Taxation Code is amended to read:

270. (a) With respect to property as to which the college, cemetery, church, religious, exhibition, veterans' organization, free public libraries, free museums, aircraft of historical significance, public schools, community colleges, state colleges, state universities or welfare exemption was available, but for which a timely application for exemption was not filed:

(1) Ninety percent of any tax or penalty or interest thereon shall be canceled or refunded, provided that an appropriate application for exemption is filed on or before the lien date in the calendar year next succeeding the calendar year in which the exemption was not claimed by a timely application.

(2) If the application is filed after the date specified in paragraph (1), 85 percent of any tax, penalty, or interest thereon shall be canceled or refunded, provided that an appropriate application for exemption is filed and relief is not authorized under Section 214.01 or 271.

(b) Notwithstanding the provisions of subdivision (a), any tax, penalty, or interest thereon exceeding two hundred fifty dollars (\$250) in total amount shall be canceled or refunded, provided that it is imposed upon property entitled to relief under subdivision (a) for which an appropriate claim for exemption has been filed.

(c) With respect to property as to which the welfare exemption or veterans' organization exemption was available, all provisions of Section 254.5, other than the specified dates for the filing of affidavits and other acts, are applicable to this section.

SEC. 5. Section 271 of the Revenue and Taxation Code is amended to read:

271. (a) Provided that an appropriate application for exemption is filed within 90 days from the first day of the next month following the date on which the property was acquired, any tax or penalty or interest imposed upon:

(1) Property owned by any organization qualified for the college, cemetery, church, religious, exhibition, veterans' organization, or welfare exemption that is acquired by that organization during a given calendar year, after the lien date but prior to the first day of the fiscal year commencing within that calendar year, when the property is of a kind that would have been qualified for the college, cemetery, church, religious, exhibition, veterans' organization, or welfare exemption if it had been owned by the organization on the lien date, shall be canceled or refunded.

(2) Property owned by any organization that would have qualified for the college, cemetery, church, religious, exhibition, veterans' organization, or welfare exemption had the organization been in existence on the lien date, that was acquired by it during that calendar year after the lien date in that year but prior to the commencement of that fiscal year, and of a kind that presently qualifies for the exemption and that would have so qualified for that fiscal year had it been owned by the organization on the lien date and had the organization been in existence on the lien date, shall be canceled or refunded.

(3) Property acquired after the beginning of any fiscal year by an organization qualified for the college, cemetery, church, religious, exhibition, veterans' organization, or welfare exemption and the property is of a kind that would have qualified for an exemption if it had been owned by the organization on the lien date, whether or not that organization was in existence on the lien date, shall be canceled or refunded in the proportion that the number of days for which the property was so qualified during the fiscal year bears to 365.

(b) Eighty-five percent of any tax or penalty or interest thereon imposed upon property that would be entitled to relief under subdivision (a) or Section 214.01, except that an appropriate application for exemption was not filed within the time required by the applicable provision, shall be canceled or refunded provided that an appropriate application for exemption is filed after the last day on which relief could be granted under subdivision (a) or Section 214.01.

(c) Notwithstanding subdivision (b), any tax or penalty or interest thereon exceeding two hundred fifty dollars (\$250) in total amount shall be canceled or refunded provided it is imposed upon property entitled to relief under subdivision (b) for which an appropriate claim for exemption has been filed.

(d) With respect to property acquired after the beginning of the fiscal year for which relief is sought, subdivisions (b) and (c) shall apply only to that pro rata portion of any tax or penalty or interest thereon which would have been canceled or refunded had the property qualified for relief under paragraph (3) of subdivision (a).

SEC. 6. Section 327.1 is added to the Revenue and Taxation Code, to read:

327.1. The board of supervisors of any county may enact, by a majority vote of its membership, an ordinance that requires any party that records a digital subdivision map with the county recorder to also file a duplicate digital copy of that map with the county assessor.

SEC. 7. Section 465 of the Revenue and Taxation Code is amended to read:

465. (a) Except as provided in subdivision (b), the assessor may destroy any document when six years have elapsed since the lien date for the tax year for which that document was obtained. Documents may be destroyed when three years have elapsed since the lien date described in the preceding sentence, if the documents have been microfilmed, microfiched, imaged, or otherwise preserved on a medium that provides access to the documents.

(b) Affidavits claiming an exemption, for the first time, pursuant to Sections 254.5, 257, and 277 may be destroyed by the assessor as follows:

(1) Six years after the lien date of the tax year for which the exemption was last granted.

(2) Three years after the lien date described in paragraph (1) if the documents have been microfilmed, microfiched, imaged, or otherwise preserved on a medium that provides access to the documents.

Memorandum

To : Ms. Kristine Cazadd
Executive Director, MIC: 73

Date: October 20, 2011

From : Randy Ferris, Acting Chief Counsel
Legal Department, MIC: 83



Subject : **Board Meeting, November 15-17, 2011**
Item J - Chief Counsel's Rulemaking Calendar
Regulation 1570, Charitable Organizations

Regulation 1570, *Charitable Organizations*, provides for a sales and use tax exemption for sales of tangible personal property by a charitable organization, provided four specific requirements are met. One of the four requirements provides that the charitable organization must be formed and operated for charitable purposes and must qualify for the "welfare exemption" from property taxation provided by section 214 of the Revenue and Taxation Code. The regulation provides clarifying language regarding the requirement that the organization must annually claim by March 15 the welfare exemption with the county assessor for the retail location for which the seller's permit is held. The regulation also provides that if the organization does not own the store premises, it must receive the welfare exemption on its personal property, such as inventory, furnishings, and fixtures.

Senate Bill 2086 (Chapter 214, Statutes of 2002) changed the annual filing date for organizations to claim the welfare exemption from March 15 to February 15. Additionally, Revenue and Taxation Code section 219, as added by Chapter 411 of the Statutes of 1980, provides an exemption from property tax for business inventories. These statutory changes are not currently reflected in the current language of Regulation 1570. Proposed revisions would amend subdivision (a)(4)(B) by removing reference to the date on which the annual filing must be made and also removing the reference to inventory. Removal of the date, rather than inserting the current statutory date, would preclude the need to further amend the regulation should the date change again in the future.

To incorporate the statutory provisions, we request your approval to place proposed revisions to Sales and Use Tax Regulation 1570 on the Chief Counsel's Rulemaking Calendar on November 15-17, 2011, for Board authorization to amend the regulations under California Code of Regulations, title 1, section (Rule) 100, without the normal notice and public hearing process. The revisions are appropriate for processing under Rule 100 because they make the regulations consistent with the statutory change and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

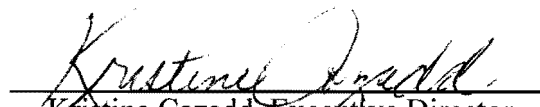
Attached is a strikeout and underlined version of the regulation illustrating the proposed revisions.

If you have any questions regarding this request, please let me know or contact Mr. Bradley Heller at 916-323-3091.


Recommendation by:


Randy Ferris, Acting Chief Counsel

Approved:

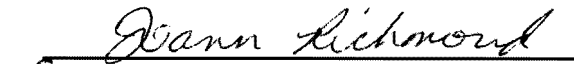

Kristine Cazadd, Executive Director

Approved:


Jeffrey L. McGuire, Deputy Director
Sales and Use Tax Department

BOARD APPROVED

At the 11-15-2011 Board Meeting


Diane Olson, Chief
Board Proceedings Division

Attachments

cc: Mr. Jeffrey L. McGuire (MIC 43)
Ms. Diane Olson (MIC 80)
Ms. Christine Bisauta (MIC 82)
Mr. Bradley M. Heller (MIC 82)
Ms. Susanne Buehler (MIC 92)
Mr. Rich Reger (MIC 40)
Mr. Geoffrey E. Lyle (MIC 50)
Ms. Leila Hellmuth (MIC 50)
Mr. Bradley Miller (MIC 92)

Revised Text of Proposed Amendments to
California Code of Regulations, Title 18, Section 1570

Regulation 1570. CHARITABLE ORGANIZATIONS.

Reference: Sections 6371, 6375, 6375.5, 6408, 6409, 23701d, and 23701f, Revenue and Taxation Code.

(a) DEFINITION. For purposes of this regulation, the term "charitable organization" means and includes any organization which meets all of the following conditions:

(1) The organization must be formed and operated for charitable purposes and must qualify for the "welfare exemption" from property taxation provided by Section 214 of the Revenue and Taxation Code.

(2) The organization must be engaged in the relief of poverty and distress.

(3) The organization's sales or donations must be made principally as a matter of assistance to purchasers or donees in distressed financial condition.

(4) The property sold or donated must have been made, prepared, assembled or manufactured by the organization.

(A) The welfare exemption referred to in condition (1) is available to property owned and operated by a charitable organization under certain conditions. Among them is the requirement that the property be used in the actual operation of a charitable activity. Property used merely to raise funds is not used in a charitable activity even though the funds will be devoted to a charitable purpose. An example of a retail location being engaged in a charitable activity is a store employing handicapped persons as store personnel which devotes its profits to the store operation and an associated closed workshop for the handicapped.

(B) In order to receive the sales tax exemption it is necessary for the organization to receive the welfare exemption on the retail location for which the seller's permit is held. The welfare exemption must be claimed annually by March 15 with the county assessor on forms provided for this purpose. If the organization does not own the premises, it must receive the welfare exemption on its personal property, i.e., inventory, furnishings, and fixtures.

(C) Conditions (2) and (3) are fulfilled if the primary purpose of the organization is to relieve poverty and distress and to aid purchasers and donees by selling its property at reduced prices or donating its property so as to be of real assistance to the purchasers and donees. Incidental sales to persons other than indigents will not preclude the organization from receiving the benefits of Revenue and Taxation Code section 6375.

(D) Condition (4) is fulfilled when the property is picked up at various locations and brought together (assembled) at one or more locations for purposes of sale or donation, even though nothing further remains to be done to the property to place it in saleable condition. Property is deemed "prepared" when it is made ready for sale or donation by such processes as cleaning, repairing, or reconditioning.

(b) SALES BY CHARITABLE ORGANIZATIONS. Sales by a charitable organization are exempt from the sales tax and the purchaser is exempt from the use tax provided all of the conditions of paragraph (a) above are met.

(c) SALES TO CHARITABLE ORGANIZATIONS.

(1) Effective January 1, 1990, neither the sales tax nor the use tax apply to tangible personal property purchased by a charitable organization for the purpose of donation by the organization provided all of the conditions of paragraph (a) above are met. Tax applies, however, to sales to the organization of supplies (such as tools and office supplies) and other articles not otherwise exempt.

(2) Except as provided in (c)(3), tax does not apply to the gross receipts from the sale of, and the storage, use, or other consumption in this state of new children's clothing that is sold to a nonprofit organization for its distribution without charge to elementary schoolchildren. For purposes of this subdivision, "nonprofit organization" means an organization that meets all of the following requirements:

(A) Is organized and operated for charitable purposes.

(B) Has exempt status under Revenue and Taxation Code section 23701d.

(C) Is engaged in the relief of poverty and distress.

(D) Distributes new children's clothing principally as a matter of assistance to recipients in distressed financial conditions.

(3) From January 1, 2008, through December 31, 2013, tax does not apply to the gross receipts from the sale of, and the storage, use, or other consumption in this state of new children's clothing that is sold to a nonprofit organization for its distribution without charge to individuals under 18 years of age. For purposes of this subdivision, "nonprofit organization" means an organization which meets all of the following criteria:

(A) Is organized and operated for charitable purposes.

(B) Has exempt status under Revenue and Taxation Code section 23701d or 23701f.

(C) Furnishes new children's clothing principally as a matter of assistance to recipients in distressed financial conditions.

(4) Any seller claiming an exemption from the sales tax for property sold to a charitable organization for subsequent donation may obtain from the organization and retain an exemption certificate in accordance with the requirements of section 1667, Title 18, California Code of Regulations (Regulation 1667, "Exemption Certificates").

(d) SELLER'S PERMITS REQUIRED. Organizations qualifying for exemption under section 6375 are retailers and are required to hold seller's permits even though all of their sales are exempt from tax.

(e) MEDICAL HEALTH INFORMATION LITERATURE. Use tax does not apply to the storage, use, or other consumption in this state of medical health information literature purchased by any organization formed and operated for charitable purposes which qualifies for the exemption provided by section 214, the "welfare exemption," which is engaged in the dissemination of medical health information; provided that such purchases are made from a national office, or another branch of that national office, of the same organization.

(f) HEALTH AND SAFETY MATERIALS. Use tax does not apply to the storage, use, or other consumption in this state of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes, purchased or sold by any national organization formed and operated for charitable purposes which qualifies for the exemption provided by Section 214, the "welfare exemption," which is engaged in the dissemination of health and safety information; provided that such purchases are made from a national office or another branch or chapter of such office of the same organization.

(g) MEDICAL IDENTIFICATION TAGS. Tax does not apply to the sale of, or the storage, use, or other consumption of, medical identification tags furnished by an organization exempt from taxes under Revenue and Taxation Code Section 23701. The term "medical identification tags" includes any tag worn by a person for the purpose of alerting other persons that the wearer of such tag has a medical disability or allergic reaction to certain treatments.

Tuesday, November 15, 2011

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Private Railroad Car Roll Changes****2011 Private Railroad Car Roll Changes**

Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board approved corrections to the 2011 Private Railroad Car Roll as recommended by staff (Exhibit 11.4).

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Offer in Compromise of *Mehdi Behmard*; *Michael Thomas Icaza*; *Jarrouche Corporation*; and, *Alice Tabera*; as recommended by staff.

CHIEF COUNSEL MATTERS**RULEMAKING****Section 100 Changes to Sales and Use Tax Regulations 1532, *Teleproduction or Other Postproduction Service Equipment*; 1533.1, *Farm Equipment and Machinery*; 1534, *Timber Harvesting Equipment and Machinery*; and, 1535, *Racehorse Breeding Stock***

Bradley Heller, Tax Counsel, Legal Department, requested authorization to make Rule 100 changes to conform the regulations to the 1 percent state tax rate decrease that took effect July 1, 2011 (Exhibit 11.5).

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted the Section 100 Changes as recommended by staff.

Section 100 Changes to Sales and Use Tax Regulation 1570, *Charitable Organizations*

Bradley Heller, Tax Counsel, Legal Department, requested authorization to make Rule 100 changes to conform to the regulation to the inventory exemption and delete the deadline for annually claiming the welfare exemption (Exhibit 11.6).

Action: Upon motion of Ms. Mandel, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted the Section 100 Changes as recommended by staff.

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

NOVEMBER 15, 2011

ITEM J RULEMAKING

SECTION 100 CHANGES

ITEM 2

SALES AND USE TAX REGULATION 1570

CHARITABLE ORGANIZATIONS

REPORTED BY: KATHLEEN SKIDGEL

CSR NO. 9039

P R E S E N T

For the Board
of Equalization:

Jerome E. Horton
Chairman

Michelle Steel
Vice-Chairwoman

Betty T. Yee
Member

George Runner
Member

Marcy Jo Mandel
Appearing for John
Chiang, State Controller
(per Government Code
Section 7.9)

Diane G. Olson
Chief
Board Proceedings Division

For the Board:

Bradley Heller
Legal Department

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450 N STREET
SACRAMENTO, CALIFORNIA
NOVEMBER 15, 2011

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MS. OLSON: Our next item is J2, Sales and Use
Tax Regulation 1570, Charitable Organizations.

MR. HORTON: Mr. Heller.

MR. HELLER: Again, um, I'm here to request the
Board's authorization to complete Rule 100 changes to
Regulation 1570, Charitable Organizations, to conform
the regulation to the inventory exemption and delete the
deadline for annually claiming the welfare exemption.

MR. HORTON: Discussion, Members?

Is there a motion?

MS. MANDEL: So moved.

MR. HORTON: Moved by Member Mandel. Second by
Member Steel.

Objection, Members?

Hearing none, such will be the order.

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REPORTER'S CERTIFICATE

State of California)
) ss
County of Sacramento)

I, KATHLEEN SKIDGEL, Hearing Reporter for the California State Board of Equalization certify that on November 15, 2011 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 3 constitute a complete and accurate transcription of the shorthand writing.

Dated: November 18, 2011

Kathleen Skidgel



KATHLEEN SKIDGEL, CSR #9039

Hearing Reporter